FLOOD BRIAN ⠿ 07/02/82 110706 PRINTER: WM
81 BRUSSELS 9739

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EXCISE

25

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PAGE 01 BRUSSE 09739 01 OF 02 241740Z
ACTION EUR-12

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|---|---|---|---|---|---|---|---|
| INFO | OCT-01 | ADS-00 | AID-07 | INR-10 | CIAE-00 | EB-08 | EA-10 |
| | NSCE-00 | NSAE-00 | COME-00 | SSO-00 | L-03 | LAB-04 | TRSE-00 |
| | CEA-01 | OMB-01 | STR-11 | SIL-01 | INRE-00 | AGRE-00 | FRB-03 |
| | SP-02 | /074 W | | | | | |

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O 241737Z JUL 81
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC IMMEDIATE 0094
INFO AMEMBASSY CANBERRA PRIORITY
AMEMBASSY MOSCOW PRIORITY
AMEMBASSY WELLINGTON PRIORITY
C O N F I D E N T I A L SECTION 01 OF 02 BRUSSELS 09739
USEEC
PASS AGRICULTURE IMMEDIATELY
E.O. 12065: GDS 07/24/87 (LAMB, DENIS) OR-M
TAGS: EAGR, EEC
SUBJ: CONSULTATIONS ON U.S. BUTTER DISPOSAL PLANS
REF: A) BRUSSELS 9271; B) STATE 192062

1. (C - ENTIRE TEXT.)

2. ON JULY 23, THE CHARGE TOGETHER WITH AG COUNSELOR AND MISSION OFFICER SWAIN MET WITH DEPUTY DIRECTOR-GENERAL FOR AGRICULTURE VON VERSCHUER, MEADOWS (OF PRESIDENT THORN'S CABINET), BRAND (ACTING HEAD OF DAIRY SECTION DG-VI), ELLES (ASSISTANT TO WILLIAMSON) AND DORAN (DG-I) ON U.S. BUTTER DISPOSAL PLANS.

3. CHARGE STATED THAT WE HAD REQUESTED THE MEETING IN ORDER TO SATISFY THE COMMISSION'S DESIRE TO BE CONSULTED
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PAGE 02 BRUSSE 09739 01 OF 02 241740Z
OFFICIALLY ON OUR PLANS. HE THEN WENT OVER THE TALKING POINTS RE THE DISPOSAL PLAN CONTAINED REFTELS, INCLUDING PERMANENT CHANGES IN U.S. DAIRY POLICY. DISCUSSION OF OUR PRESENTATION FOLLOWED.

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY ___ DATE 7/14/89
RDS ☐ or XDS ☐ EXT. DATE ___
RELEASE ☐ DECLASSIFY ☐
EXCISE ☐ DENY ☐ IN PART
B1, A3, B1, A5

B1, A3

B1, A5

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(C) SINCE THE PLANNED SALE WILL BE STAGED OVER TWELVE MONTHS, WILL THERE BE A FORM OF "PRICE PROTECTIVE CLAUSE" IN OUR AGREEMENT WITH NEW ZEALAND TO ENABLE THE PRICE TO BE RENEGOTIATED IF WORLD PRICES CHANGE BEFORE THE ENTIRE QUANTITY IS DELIVERED TO NEW ZEALAND?
4. AT THE CONCLUSION OF THE DISCUSSION, CHARGE SAID HE HOPED COMMISSION WAS SATISFIED WITH THE INFORMATION PROVIDED, THAT IT WAS SATISFIED THAT OUR COMMITMENT TO CONSULT HAD BEEN MET, AND THAT IT WAS SATISFIED THAT THE DISPOSAL WOULD BE CARRIED OUT IN A WAY THAT WOULD RESPECT WORLD PRICES AND AVOID MARKET DISRUPTION.
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PAGE 03 BRUSSE 09739 01 OF 02 241740Z
5. IN RESPONSE VON VERSCHUER SUMMARIZED THE COMMISSION'S VIEWPOINT AS FOLLOWS: THE COMMISSION
(1) RESERVES ITS RIGHTS UNDER THE GATT.
(2) UNDERSTANDS THE MOTIVATIONS OF U.S. AND NEW ZEALAND TO CONCLUDE SUCH A DEAL,
(3) TAKES NOTE WITH SATISFACTION OF U.S. CONFIRMATION TO RESPECT THE WORLD PRICE (THUS MEETING THE EC'S PRIMARY CONCERN VIS-A-VIS THE U.S.),
(4) REMAINS CONCERNED THAT THERE MAY BE UNFORESEEN ADVERSE MEDIUM-TERM REPERCUSSIONS ON THE WORLD MARKET (TIMING AND CONDITIONS OF EVENTUAL DISPOSAL, STOCK BUILDING IN IMPORTING COUNTRIES WHICH WILL AFFECT FUTURE EC SALES, CONSUMER COUNTRY BUYING ATTITUDES) AND ON EC MARKET (EC'S INTERNAL DISPOSAL, INWARD PROCESSING, EXPORT AND RESTITUTION POLICIES, PARTICULARLY VIS-A-VIS THE USSR).
(5)

B1,A3

6. IN SEPARATE RESPONSE, THORN'S REPRESENTATIVE SAID HE COULD NOT BE SURE WHETHER OUR PRESENTATION WOULD FULLY SATISFY THORN'S DESIRE TO BE CONSULTED (AS EXPRESSED IN LETTER WE UNDERSTAND HE SENT TO SECRETARY BLOCK ON JULY 16). CHARGE SAID HE WAS AT THORN'S DISPOSAL, BUT THAT CONCLUSION OF DEAL WAS IMMINENT.
7. ACTION: MISSION WOULD APPRECIATE RECEIVING ASAP
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01 BRUSSELS 09739

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PAGE 01 BRUSSE 09739 02 OF 02 241740Z
ACTION EUR-12
INFO OCT-01 ADS-00 AID-07 INR-10 CIAE-00 EB-05 FA-10
NSCE-00 NSAE-00 COME-00 SSO-00 L-03 LAB-04 TRSE-00
CEA-01 OMB-01 STR-11 SIL-01 INRE-00 AGRE-00 FRB-03
SP-02 /074 W
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AMEMBASSY MOSCOW PRIORITY
AMEMBASSY WELLINGTON PRIORITY
C O N F I D E N T I A L SECTION 02 OF 02 BRUSSELS 09739
USEEC
ANSWERS TO THE QUESTIONS IN PARA 3 AND SUGGESTS IT BE
IMMEDIATELY INFORMED OF ANY FURTHER DEVELOPMENTS AS THEY
OCCUR SO THAT WE CAN INFORM THE COMMISSION UNDER THE
UMBRELLA OF "OFFICIAL" CONSULTATIONS. LAMB
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